



## TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER  
John J. Specia, Jr.

December 16, 2013

Ms. Kate McGrath, Director  
Governor's Office of Budget, Planning and Policy  
1100 San Jacinto, 4th Floor  
Austin, TX 78701

Ms. Ursula Parks, Director  
Legislative Budget Board  
1501 North Congress Avenue, 5th Floor  
Austin, TX 78701

Dear Ms. McGrath and Ms. Parks:

Enclosed is the agency's FY 2014 Monthly Financial Report as of October 2013. The following is a narrative summary of budget adjustments during the month, budget variances, significant changes from appropriated funding, capital budget issues, and other key budget issues at this time.

### BUDGET ADJUSTMENTS

The following adjustments were made to the appropriated budget in the month of October. In total, the operating budget was decreased by \$11,339,416.

- Adjustments in anticipated federal entitlement funds were made in the following strategies for a net decrease of \$11,339,416 (Art. IX, Sec. 8.02, Federal Funds/Block Grants):
  - Strategy B.1.3 TWC Foster Day Care was decreased \$300,076
  - Strategy B.1.11 Foster Care Payments was decreased \$11,178,205
  - Strategy B.1.12 Adoption Subsidy Payments was increased \$138,865

### BUDGET VARIANCES

This report reflects a net agency shortfall of \$16.2 million General Revenue.

Strategy B.1.10 Other CPS Purchased Services has a projected surplus of \$0.7 million of General Revenue. This surplus is earmarked for anticipated across-the-board grant award reductions resulting from federal sequestration mandates.

The following General Revenue variances are projected based on the HHSC November 2013 caseload and expenditure forecast:

- Strategy B.1.3 TWC Foster Day Care has a projected shortfall of \$0.9 million.

- Strategy B.1.4 TWC Relative Day Care has a projected surplus of \$0.2 million.
- Strategy B.1.5 TWC Protective Day Care has a projected shortfall of \$7.1 million.
- Strategy B.1.11 Foster Care Payments has a projected shortfall of \$7.0 million.
- Strategy B.1.12 Adoption Subsidy/PCA Payments has a projected shortfall of \$2.4 million.
- Strategy B.1.13 Relative Caregiver Monetary Assistance Payments Care has a projected surplus of \$0.3 million.

#### SIGNIFICANT CHANGES FROM PREVIOUS REPORT

Projected general revenue shortfalls increased by \$11.9 million. This increase is due primarily to the revised caseload forecast for B.1.11 Foster Care Payments which reflects the projected decrease in Title IV-E eligibility for children receiving foster care payments.

#### OTHER KEY BUDGET ISSUES

Until trends can be established, projected expenditures are assumed to equal the operating budget except for foster care, adoption subsidies, and CPS day care services.

DFPS is currently estimating a reduction of \$7.6 million federal funds due to sequestration. Utilization of prior year grant balances and other adjustments help minimize the impact to DFPS programs, resulting in an estimated overall impact of \$1.8 million. The operating budget will not be reduced until later in the year when the agency receives the actual grant award for the affected federal funds.

#### CAPITAL BUDGET ISSUES

No significant variances are projected at this time.

Please contact Beth Cody, Budget Director, at 438-3351 if you have any questions or require additional information.

Sincerely,



Tracy Henderson  
Interim Chief Financial Officer

cc: Garnet Coleman, State Representative  
Dianna Velasquez, Governor's Office  
Jamie Dudensing, Lieutenant Governor's Office  
Rob Ries, Lieutenant Governor's Office  
Jennifer Deegan, Speaker's Office  
Sarah Hicks, Senate Finance Committee  
Keith Yawn, House Appropriations Committee  
Heather Fleming, House Appropriations Committee  
Melitta Berger, Legislative Budget Board  
Shaniqua Johnson, Legislative Budget Board